

## Message Text

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JERUSALEM FOR ATHERTON, TEL AVIV FOR AMBASSADOR

E.O. 11652: N/A

TAGS: SOPN, US, IS

SUBJECT: REUTER STORY ON MIDEAST-AMERICAN BY ROY GUTMAN

1. FOLLOWING IS REUTER'S STORY TO WHICH WE BELIEVE  
DAYAN REFERRED PER JERUSALEM 525:

2. WASHINGTON-FEB. 24, REUTER - SIGNIFICANT PROGRESS  
TOWARDS MIDDLE EAST PEACE WILL BE IMPOSSIBLE UNTIL ISRAEL  
DECIDES ITS POLICY ON THE DIFFICULT ISSUES OF SOVEREIGNTY  
OVER THE WEST BANK AND JEWISH SETTLEMENTS IN OCCUPIED  
TERRITORIES, A HIGH STATE DEPARTMENT OFFICIAL SAID HERE  
TODAY.

3. THE PROGNOSIS WAS MADE AS ASSISTANT SECRETARY OF STATE  
ALFRED ATHERTON COMPLETED A FIRST ROUND OF TALKS IN  
ISRAEL AND EGYPT TO DRAW UP A STATEMENT OF PRINCIPLES  
FOR A COMPREHENSIVE SETTLEMENT.

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4. THE STATE DEPARTMENT OFFICIAL SAID BROADENING OF  
ISRAELI-EGYPTIAN PEACE TALKS TO INCLUDE JORDAN, PALESTIN-  
IAN REPRESENTATIVES AND SYRIA WOULD BE POSSIBLE THIS YEAR,  
WITH A FINAL SETTLEMENT AGREEMENT SIGNED AT GENEVA.

5. "BUT FIRST YOU ARE GOING TO HAVE TO RESOLVE THE TWO

KEY ISSUES. THE ONE IS THE POLITICAL DECISION (BY ISRAEL) WITH RESPECT TO WHAT ITS SETTLEMENT POLICY IS GOING TO BE. THE SECOND IS SOME SORT OF RESOLUTION OF THE WEST BANK-GAZA ISSUE," THE OFFICIAL TOLD REUTERS.

6. THE FUTURE OF THE OCCUPIED WEST BANK OF THE JORDAN RIVER IS THE OUTSTANDING QUESTION BLOCKING CONCLUSION OF THE DECLARATION OF PRINCIPLES, THE OFFICIAL SAID.

7. "GETTING A STATEMENT OF PRINCIPLES ON THIS LAST ISSUE IS GOING VERY, VERY TOUGH," HE ADDED.

8. ISRAEL STIFFENED ITS STAND ON THE ISSUE BETWEEN PRIME MINISTER MENACHEM BEGIN'S VISIT TO WASHINGTON IN MID-DECEMBER AND THE OPENING OF EGYPTIAN-ISRAELI FOREIGN MINISTERS' TALKS IN JERUSALEM IN MID-JANUARY.

9. IN WASHINGTON, MR. BEGIN OUTLINED PEACE PROPOSALS FOR THE WEST BANK WHICH ENVISAGED LEAVING THE QUESTION OF SOVEREIGNTY OVER THE WEST BANK OPEN IN VIEW OF CONFLICTING CLAIMS BY ISRAEL AND OTHER PARTIES TO THE DISPUTE.

10. WHEN NEGOTIATIONS BEGAN IN JERUSALEM ON JANUARY 17, ISRAELI OFFICIALS MADE CLEAR THEY WERE NOT WILLING TO CONTEMPLATE WITHDRAWAL OF ISRAELI FORCES FROM THE WEST  
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BANK.

11. MR. BEGIN HAS SAID IN PUBLIC SINCE THEN THAT HIS GOVERNMENT FORESAW NEAR-TOTAL WITHDRAWAL FROM THE EGYPTIAN SINAI BUT NO WITHDRAWAL FROM THE WEST BANK.

12. TO THE UNITED STATES, WHICH IS TRYING TO MEDIATE IN THE DISPUTE, THIS IS REGARDED AS A SELECTIVE READING OF UNITED NATIONS RESOLUTION 242, WHICH CALLS FOR ISRAELI WITHDRAWAL FROM OCCUPIED TERRITORIES IN RETURN FOR RECOGNITION AND ESTABLISHMENT OF PEACEFUL RELATIONS BY ITS NEIGHBORS.

13. THE U.S. VIEW THAT RESOLUTION 242 APPLIES TO ALL FRONTS OF THE CONFLICT WAS FORCEFULLY RESTATED AFTER EGYPTIAN PRESIDENT SADAT VISITED HERE EARLIER THIS MONTH.

14. ON THE SETTLEMENTS QUESTION, THE ISRAELI CABINET IS DUE TO RESUME DISCUSSION ON SUNDAY ABOUT WHETHER TO DECLARE A MORATORIUM ON EXPANSION OF ISRAELI VILLAGES AND OUTPOSTS IN THE WEST BANK AND THE SINAI.

15. THE UNITED STATES HAS CALLED FOR A HALT TO ALL SETTLEMENT ACTIVITY, SAYING IT CONSTITUTED AN OBSTACLE TO PEACE.

16. SECRETARY OF STATE CYRUS VANCE SAID RECENTLY THAT THE SINAI SETTLEMENTS WERE ILLEGAL UNDER INTERNATIONAL LAW AND SHOULD NOT EXIST, A STATEMENT THAT PROVOKED STRONG ISRAELI REACTION.

17. ISRAEL'S DECISION TO ACCELERATE CREATION OF NEW SETTLEMENTS IN THE MIDST OF PEACE NEGOTIATIONS WAS ONE OF THE MAJOR CAUSES FOR MR. SADAT'S PULLOUT FROM THE JERUSALEM TALKS, THE OFFICIAL SAID.

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18. HE SAID AN ISRAELI DECISION ON FUTURE SETTLEMENTS ACTIVITY COULD BE EXPECTED BY THE TIME MR. BEGIN ARRIVED IN WASHINGTON FOR TALKS WITH PRESIDENT CARTER ON MARCH 14 AND 15.

19. BUT THE STATEMENT OF PRINCIPLES MIGHT NOT BE CONCLUDED BY THEN.

20. KING HUSSEIN OF JORDAN COULD BE EXPECTED TO JOIN THE TALKS IF THERE WAS A DECLARATION OF PRINCIPLES "WHICH ADEQUATELY DEALS WITH THE ISSUES WHICH ARE CENTRAL TO (THE JORDANIANS), NAMELY THE FUTURE OF THE WEST BANK AND THE PALESTINIAN QUESTION," THE OFFICIAL SAID.

21. THE KING DID NOT SEE HOW HE COULD SURVIVE IN THE ARAB WORLD "UNLESS HE COMES IN UNDER AN ADEQUATE UMBRELLA."

22. IF THERE COULD BE AN AGREEMENT ON A STATEMENT OF PRINCIPLES, THE ARAB STATES HAD ASSURED THE UNITED STATES THAT THE QUESTION OF PALESTINIAN REPRESENTATION COULD BE RESOLVED TO THE SATISFACTION OF ISRAEL. THE OFFICIAL SAID.

23. ISRAEL REFUSES TO NEGOTIATE WITH MEMBERS OF THE PALESTINE LIBERATION ORGANIZATION (PLO). BUT IT AGREED LAST YEAR TO DEAL WITH PALESTINIAN REPRESENTATIVES AS PART OF OTHER COUNTRIES' DELEGATIONS AT PEACE TALKS. VANCE

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